

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6045-01
Bill No.: HB 1861
Subject: Public Assistance; Social Services Department
Type: Original
Date: February 24, 2014

Bill Summary: This proposal specifies that public assistance benefit recipients who make electronic benefit transfer transactions exclusively outside the state for a period of 90 days shall have their benefits suspended.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Federal	(Unknown, greater than \$45,342)	(Unknown, greater than \$6,300)	(Unknown, greater than \$6,300)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown, greater than \$45,342)	(Unknown, greater than \$6,300)	(Unknown, greater than \$6,300)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - Family Support Division (FSD)** state since section 208.024 is specific to Temporary Assistance for Needy Families (TANF) benefits and does not currently apply to Food Stamp benefits, the FSD assumes only persons receiving TANF benefits on EBT cards are impacted by this proposed legislation.

13 CSR 40-2.310(1)(B) states to be eligible for Temporary Assistance (TA), the payee and children must be Missouri residents.

The FSD has policy in place for out-of-state visits. TA participants may visit out-of-state for up to 60 days without interruption of benefits. It is the claimant's responsibility to notify FSD of absence, temporary address, and intended time of return.

If the participant has not contacted FSD at the planned time of return, a notice of case action is sent to the last known address. If the FSD determines that a recipient is no longer a Missouri resident, all public benefits are closed. This is policy currently in place.

Reports would be needed to monitor the out-of-state usage. These are provided by FIS, the current EBT contractor. FIS/eFunds estimates a one-time fee of \$2,500 to create this report for FSD.

Additional technology is available through FIS/eFunds which would provide an alert to assist FSD with identifying TANF participants with only out-of-state EBT transactions for more than 90 days. This technology would allow FSD to identify these individuals sooner than using a monthly report after the month has ended. However, this technology is estimated to cost \$525 per month plus \$2.50 for every alert generated. The FSD is unable to determine how many alerts would be received per month. However, if FSD received 3,200 alerts per month, the costs for this technology would exceed \$102,300 (3,200 alerts x \$2.50 per alert = \$8,000 monthly alert cost + \$525 monthly base cost = \$8,525/month x 12 months)

To allow FSD to suspend TANF cash benefits when a person is disqualified under this legislation, FIS/eFunds estimates a one-time cost of \$2,500 for coding changes to their system.

The FSD can reasonably expect a reduction of TANF spending on cash assistance as a result of this legislation. However, this reduction would not result in a savings in TANF or the general revenue maintenance of effort (MOE) funding because all TANF/MOE must be spent on one of the four purposes of the TANF program:

HWC:LR:OD

ASSUMPTION (continued)

1. To provide assistance to needy families;
2. To end dependence of needy parents by promoting job preparation, work and marriage;
3. To prevent and reduce out-of-wedlock pregnancies; and
4. To encourage the formation and maintenance of two-parent families.

Therefore the impact to the FSD is unknown, but greater than \$107,300 (\$2,500 for the monthly report + \$2,500 for the suspension technology + \$102,300 for the alert technology) for the first year and unknown, but greater than \$102,300 ongoing for the alert technology.

Oversight notes based on discussions with DSS staff that FSD does not currently receive any alerts from FIS for TANF recipients making out-of-state electronic benefit transfer transactions. Therefore, FSD does not have an “alert” history to support their assumption that they would receive 3,200 alerts a month. In addition, it is Oversight’s understanding that FSD is assuming they would receive an alert for every out-of-state electronic transaction, not just alerts for those TANF recipients that have made electronic transactions for 90 days exclusively out-of-state.

Therefore, Oversight assumes FSD’s costs for FY 15 would be “unknown, greater than \$11,300 [\$2,500 for monthly report + \$2,500 for the suspension technology + \$6,300 base cost of technology (\$525/month X 12 months) + unknown alert costs (\$2.50 per alert)]. FY 16 and FY 17 costs are assumed to be “unknown, greater than \$6,300” (\$525/month technology cost = \$6,300 + \$2.50/alert cost).

Officials from the **Office of Administration (OA) - Information Technology Services Division (ITSD)/DSS** state the Family Assistance Management Information System (FAMIS) is gradually being shut down and will eventually be transitioned over to the Missouri Eligibility Determination and Enrollment System (MEDES). MEDES is a multi-year implementation and replacement of FAMIS. The cost to implement this proposal in MEDES is currently unknown.

Section 208.024.1

The FAMIS system would need to add a sanction code for TANF recipients and change one program to look for this code and an expiration date.

Estimate:

20 hours Analysis
40 hours Modify Program Module to look for new sanction code
40 hours Modify Screen to accept new sanction code
40 hours Testing
140 hours

ASSUMPTION (continued)

Section 208.024.3

FAMIS does not track the usage of funds; this is tracked by the vendor in Wisconsin, FIS/eFunds. DSS receives a transaction file from the EBT vendor daily. This file is used for fraud investigations currently.

A new program will be written to process the transaction files to identify offenders. A new technical eligibility factor will be built in FAMIS to track the usage of funds. Analysis, Design, Testing, and Construction would take 400 hours (both the new eligibility factor, related table values, and additional new screens/processes at 200 hours per functionality and this will also depend on the business rules regarding the 'temporary suspension'. There is already an eligibility factor to verify if the participant is a Missouri resident and the system should be able to reuse it.

Assumptions:

- ITSD Staff will make all the changes; and,
- Current rate for ITSD staff averages \$63.04 per hour.

Total Costs: 540 hrs x \$63.04/hr = \$ 34,042 (rounded).

Oversight notes that FSD and OA-ITSD/DSS assume the costs of the proposal will come exclusively from federal TANF block grant monies. The TANF block grant funds are a set amount and no additional funds can be obtained. Any reductions in TANF cash assistance payments will be used for other TANF program purposes. For purposes of this fiscal note, Oversight is presenting the costs of this proposal as costs to federal funds with no reimbursement for the expenditures.

Officials from the **Department of Mental Health (DMH)** state the legislation places no obligation or requirement upon the DMH that would result in a fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
FEDERAL FUNDS			
<u>Costs - DSS-FSD</u>			
Contract modification, report, and alert notification costs	(Unknown, greater than \$11,300)	(Unknown, greater than \$6,300)	(Unknown, greater than \$6,300)
<u>Costs - OA-ITSD/DSS</u>			
Computer modification and update costs	(\$34,042)	\$0	\$0
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(Unknown, greater than \$45,342)</u>	<u>(Unknown, greater than \$6,300)</u>	<u>(Unknown, greater than \$6,300)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

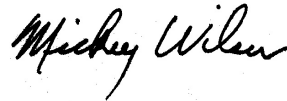
FISCAL DESCRIPTION

This proposal requires any recipient of benefits who makes electronic benefit transfer transactions exclusively outside the state for a period of 90 days to have his or her electronic benefit transfer card temporarily suspended, pending an investigation by the Department of Social Services to determine if he or she is a Missouri resident. If the department finds that a recipient is no longer a Missouri resident, it must disqualify him or her from all enrolled public assistance benefit programs.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Mental Health
Department of Social Services -
 Family Support Division
Office of Administration -
 Information Technology Services Division

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 24, 2014

Ross Strobe
Assistant Director
February 24, 2014